Oversight Division

Committee On Legislative Research

PROGRAM EVALUATION

INSURANCE MANDATES

Program Evaluation

Insurance Mandates

Prepared for the Committee on Legislative Research
by the Oversight Division

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Committee on Legislative Research Oversight Subcommittee

THE COMMITTEE ON LEGISLATIVE RESEARCH, Oversight Division, is an agency of the Missouri General Assembly as established in Chapter 23 of the Revised Statutes of Missouri. The programs and activities of the State of Missouri cost approximately $19.2 billion annually. Each year the General Assembly enacts laws which add to, delete or change these programs. To meet the demands for more responsive and cost effective state government, legislators need to receive information regarding the status of the programs which they have created and the expenditure of funds which they have authorized. The work of the Oversight Division provides the General Assembly with a means to evaluate state agencies and state programs.

THE COMMITTEE ON LEGISLATIVE RESEARCH is a permanent joint committee of the Missouri General Assembly comprised of the chairman of the Senate Appropriations Committee and nine other members of the Senate and the chairman of the House Budget Committee and nine other members of the House of Representatives. The Senate members are appointed by the President Pro Tem of the Senate and the House members are appointed by the Speaker of the House of Representatives. No more than six members from the House and six members from the Senate may be of the same political party.

PROJECTS ARE ASSIGNED to the Oversight Division pursuant to a duly adopted concurrent resolution of the General Assembly or pursuant to a resolution adopted by the Committee on Legislative Research. Legislators or committees may make their requests for program or management evaluations through the Chairman of the Committee on Legislative Research or any other member of the Committee.

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Members of the General Assembly:

The Joint Committee on Legislative Research adopted a resolution in May 2005, directing the Oversight Division to perform a study of insurance mandates as set forth by statute.

The report includes Oversight's summation of statutory insurance mandates. We hope this information is helpful and can be used in a constructive manner for the betterment of the state program to which it relates. You may request a copy of the report from the Oversight Division by calling 751-4143.

Respectfully,

Gary Nodler

Senator Gary Nodler
Chairman

EXECUTIVE SUMMARY

The Joint Committee on Legislative Research, Oversight Division (Oversight) performed a program evaluation of the insurance mandates. Oversight gathered information on Missouri Insurance Mandates and researched insurance mandates in other states. Although Oversight provided information on mandates for all insurance types, the focus of the evaluation and the report is on health insurance mandates.

The Missouri Department of Insurance provided a comprehensive list of all insurance mandates over the past 10 years. This list is attached as an appendix to the report.

The Missouri Department of Insurance has no mechanism requiring insurance companies to provide data regarding the cost of insurance mandates.

Some states, by statute or rule, require insurers to report costs of insurance mandates.

The Texas Department of Insurance annually collects information to measure the costs associated with mandated health benefits. The calculated average cost of mandated benefits in Texas for calendar year 2003 (for 20 specific mandated benefits):

	Group Plans	Individual Plans
Mandated Benefit Cost as a % of total claims	4.5%	3.62%
Mandated Benefit Cost as a % of total premiums	3.62%	2.39%
Administrative Costs as a % of total claims	0.68%	1.19%
Mandated Offering Benefit Cost as a % of premiums	0.11%	n/a

While costs reported represent a relatively small percentage of the total claims paid and total premium costs, additional costs would likely be attributed to the mandated benefits that are not included in the report. It should be noted that TDI did not collect data on every mandate, but only on 20 specific mandated benefits. Also, the report does not provide a cost-benefit analysis of the mandated benefits. Any cost savings would, to some extent, offset the total cost of the mandates.

The Maine Bureau of Insurance compiles an annual report entitled the Cumulative Impact of Mandates in Maine. The report lists the 24 mandated insurance benefits in Maine as well as the estimated claim costs for each.

	Estimated Maximum Cost as a Percentage of Premium	
	Indemnity	HMO
Total cost for groups larger than 20:	9.57%	8.92%
Total cost for groups of 20 or fewer:	3.92%	4.53%
Total cost for individual contracts:	2.71%	2.82%

Maine Bureau of Insurance believes that some of the mandated benefits would have been offered even without the mandate in place; therefore, the actual cost of the mandates would in effect be lower than reported.

Maryland conducts an annual evaluation of the costs for each of its mandates. In addition to estimating the total costs associated with the mandates, Maryland estimates a marginal cost, defined as the difference between the total cost of the benefit and the cost of the service that would be covered in the absence of the mandate. In 2001, the marginal cost of mandates in Maryland's small group market represented 3.4 percent of premiums, whereas the total cost accounted for 14.1 percent.

Virginia requires all insurers, health service plans, and HMOs to report cost and utilization information for each of the state's mandated benefits and providers. Based on actual claims experience, insurers calculate the share of the overall average premium attributable to each mandate. Without taking into account whether benefits would be covered without a mandate, in 2000 the total costs associated with Virginia's mandates represented approximately 26.9 and 29.3 percent of the overall premiums for individual and family group policies, respectively.

In conclusion, not many states have prepared a detailed analysis of the impact of insurance mandates on their health care premiums. Several states require information regarding the cost of proposed insurance mandates to be presented to their State Legislature during the legislative process and some states collect data on the costs of mandated benefits.

Chapter 1 – Introduction

Purpose

The Joint Committee on Legislature Research directed the Oversight Division to perform a program evaluation of the insurance mandates. This evaluation was undertaken to provide the General Assembly with information regarding insurance mandates and the effect the mandates have on insurance premiums. The evaluation had the following components: to compile a comprehensive list of insurance mandates, to determine whether the insurance mandates were put in place due to federal laws or regulations, and to determine whether other states have enacted legislation requiring insurers and Health Maintenance Organizations (HMOs) to report annual cost and utilization information for each mandated benefit. Although Oversight has provided information on mandates for all insurance types, the focus of the evaluation and the report is on health insurance mandates.

Background

Missouri Department of Insurance

The Missouri Department of Insurance (Department) protects consumers through oversight of the insurance industry. The Department consists of the Director's Office and four divisions. The Director's Office is responsible for overseeing the operations of the Department, handling regulatory transactions, and providing legal assistance to the other divisions. The Division of Resource Administration is responsible for Department support functions and for the licensing and renewals of all insurance producers operating within the state. The Division of Consumer Affairs receives and investigates consumer complaints against insurance companies and producers and provides consumer education and outreach. The Division of Market Regulation reviews rates, policies, products, and other material filed by insurance companies to ensure compliance with state regulations and performs market conduct examinations of insurance companies to ensure policyholders are treated fairly. The Division of Financial Regulation monitors and analyzes the financial solvency of insurance companies licensed in the state, performs financial examinations of insurance companies, and certifies premium taxes due to the state.

The Department is responsible for the licensing and renewals of all insurance producers operating within the state. In 2004, the Department licensed over 95,000 insurance producers (agents, brokers, and agencies). In 2004, the insurance industry in Missouri wrote coverage with more than $25 billion in Missouri premiums. Insurance companies licensed in Missouri are required to pay a two percent tax on the premiums written in Missouri in lieu of income tax. Insurance companies may deduct tax credits from the calculated tax. In 2004, the insurance industry paid more than $250 million in premium taxes and other fees to the state. The premium volume and premium taxes and fees have steadily increased over the past ten years. The

premium taxes and other fees are deposited into the General Revenue and School Funds. The Department of Insurance provided the following historical information from National Association of Insurance Commissioners (NAIC) Insurance Department Resources Reports:

Missouri Department of Insurance
Information from NAIC Insurance Department Resources Reports

Calendar Year	Insurers (Domestic and Foreign)	Insurance Producers	Missouri Premium Volume*	Premium Taxes and Fees*
1995	1,888	69,745	$13,901,414,406	$169,292,391
1996	1,816	72,178	$14,885,774,544	$186,441,775
1997	1,838	77,890	$15,220,070,000	$185,156,160
1998	2,144	80,941	$17,076,587,557	$196,747,267
1999	1,847	82,278	$18,473,543,620	$197,939,590
2000	1,927	86,545	$19,204,633,353	$184,184,150
2001	1,658	91,695	$20,901,662,871	$194,655,675
2002	1,630	95,495	$22,723,264,511	$201,158,130
2003	1,614	97,058	$23,877,713,896	$225,344,750
2004	1,620	95,670	$25,088,733,480	$268,291,018

* Unaudited

The Department is funded through fees collected from insurance companies, agents, and other licensees. The Department receives no General Revenue funding. The following details the Department of Insurance expenditures from fiscal years 2001 through 2005:

Missouri Department of Insurance
Expenditures

Fiscal Year	Total Expenditures*	Dept of Insurance Dedicated Fund*	Insurance Examiners Fund*	Federal Funds*
2001	$12,427,761	$6,028,224	$6,042,221	$357,316
2002	$13,078,606	$6,168,468	$6,510,138	$400,000
2003	$12,882,543	$6,153,162	$6,416,423	$312,958
2004	$12,256,890	$5,772,653	$6,212,027	$272,210
2005	$12,407,428	$5,825,443	$6,142,737	$439,248

* Unaudited

Missouri Consolidated Health Care Plan

Missouri Consolidated Health Care Plan (MCHCP) is a separate, stand-alone state entity created by statute and organized under the direction of a 13-member board. MCHCP administers the health care program for most state employees and retirees. In addition, other non-state public entities are permitted to join MCHCP in a pool separate from state funds. Types of public entities qualifying for MCHCP coverage include cities, counties, and school districts. MCHCP provides coverage for over 104,000 state and public entity members, retirees, and their dependents. MCHCP offers various types of health insurance plans, including health maintenance organization (HMO) and preferred provider organization (PPO) plans.

MCHCP received the following appropriations by the State of Missouri for health benefits for state employees and retirees covered by MCHCP:

MISSOURI CONSOLIDATED HEALTH CARE PLAN
Appropriations and State Enrollment

Fiscal Year	Appropriation	Active Employees	Retirees	Total Participants	$ per Participant	% Change from Previous Year
1995	$121,529,100	40,019	6,974	46,993	$2,586	n/a
1996	$87,317,364	42,979	7,866	50,845	$1,717	-33.60%
1997	$87,344,715	43,937	8,348	52,285	$1,671	-2.68%
1998	$85,949,062	45,013	8,779	53,792	$1,598	-4.37%
1999	$95,312,925	46,056	9,351	55,407	$1,720	7.63%
2000	$108,821,820	47,857	9,875	57,732	$1,885	9.59%
2001	$169,804,969	47,558	10,726	58,284	$2,913	54.55%
2002	$222,987,803	46,303	11,112	57,415	$3,884	33.33%
2003	$263,544,820	45,570	11,479	57,049	$4,620	18.95%
2004	$281,657,137	43,996	12,843	56,839	$4,955	7.25%
2005	$322,984,426*	44,429	12,767	57,196	$5,647	13.97%

* FY 2005 Appropriation is Unaudited

Insurance Mandates

Insurance mandates commonly refer to a very broad category of governmental requirements that affect any provision included in an insurance policy. Health insurance mandates can be broken down into three different types: (1) Provider mandates which require certain health care providers be paid for services rendered; (2) Benefit mandates which require certain prescribed types of coverage or benefit be paid for; and (3) Patient protection mandates which guarantee some right or protection be extended to the patient.

Mandates and mandated benefits are frequently discussed as major contributors to the cost of health insurance, and everyone agrees that these benefits cost money. But there is little agreement as to how much the mandates cost and whether this cost is significant. One of the primary reasons for varying cost estimates is the lack of consensus on what is a mandated benefit.

In a 1984 report by the National Association of Insurance Commissioners, mandated benefits were categorized as follows:

- Regulations requiring coverage of certain persons;
- Regulations requiring coverage of specific illnesses, procedures, or types of treatment; and
- Regulations mandating that care by certain providers be reimbursed if it is a covered expense when provided by a medical doctor.

Chapter 2 – Missouri Insurance Mandates

The State of Missouri has imposed numerous insurance mandates on insurance companies by statute, regulation, or case law. Some of the state mandates were enacted to correspond to federal mandates, such as reconstructive surgery following a mastectomy (Section 376.1209, RSMo).

The Missouri Department of Insurance has identified mandated offerings and mandates for health insurance. Mandated offerings offer the purchaser the option of accepting or declining the mandated benefit. The insurer must offer the benefit, but the purchaser decides whether to accept or decline the offer. Mandated benefits do not allow the purchaser the option of excluding the benefit; the insurer must include the benefit in all applicable policies.

The attached Appendix details the state's insurance mandates and mandated offers for all insurance types.

The Missouri Department of Insurance currently has no mechanism in place requiring insurance companies to provide data regarding the cost of insurance mandates. In addition, no comprehensive study of the cost of proposed insurance mandates is required before passage of such mandates.

Oversight provided a list of the health insurance mandates to Missouri Consolidated Health Care Plan (MCHCP) to determine whether MCHCP could provide cost data. MCHCP responded that most of the mandates either had no measurable impact, could not be effectively measured, or were already in place at MCHCP prior to the mandate.

Chapter 3 – Insurance Mandates in Other States

Oversight searched the world wide web for information regarding insurance mandates prepared by other states, the United States Department of Commerce, the National Conference of State Legislators (NCSL), and the National Association of Insurance Commissioners (NAIC). Oversight's search revealed the scope of mandated benefits varies from state to state. For example, mandates varied in their terms and conditions (such as the diagnosis for which coverage must be provided) and the minimum level of benefits required (such as the number of inpatient days or outpatient visits).

The National Conference of State Legislators (NCSL) reported there are two emerging trends regarding insurance mandates. First, a growing number of states no longer pass health insurance mandates without a fiscal impact study evaluating how the mandates will increase insurers' costs. Second, a number of new laws are now on the books allowing insurers to sell cheaper policies that cover basic services, such as hospitalization, but not some of the required services.

Studies concerning the cost of insurance mandates have generally failed to provide definitive information on the cost of mandated benefits for a number of reasons. Lack of adequate data is a primary concern. Methodology problems also raise questions about the validity of certain studies. Because there is no standard methodology for measuring mandated benefit costs, both the research methods and types of cost data reviewed vary considerably from study to study.

In order to obtain information regarding the cost of mandates, states must get specific information from insurance companies. While this information can theoretically be gleaned, insurers report that collecting such information requires the development of specifically designed computer programs that are costly and time consuming. Smaller insurance companies may have difficulty creating such programs. Even companies that have comprehensive claims retrieval systems in place report that information is limited to mandated benefits that are associated with a specific diagnoses or medical treatment.

One of the most frequent criticisms of mandated benefit studies is the failure to determine cost savings that insurers experience as a result of certain requirements. Since these savings offset the actual cost of the mandated benefit, this information may significantly impact the final cost.

In a report issued by the United States General Accounting Office (GAO) in September 2003, titled Private Health Insurance; Federal and State Requirements Affecting Coverage Offered by Small Businesses, it stated that few studies have taken into account the fact that many businesses would offer some similar benefits even absent a mandate. Two studies estimated the additional costs associated with state-mandated benefits represented about 3 to 5 percent of total premium costs. The United States Congressional Budget Office estimated that mandated benefits in general could increase premiums by about 5 percent over what they would have been without mandates. The National Association of Insurance Commissioners agreed with the GAO's findings that the costs associated with benefit and provider mandates over what businesses would normally incur are estimated to be relatively small.

Texas

The Texas Department of Insurance reported in 1988 the House Insurance Committee was directed to conduct a study of mandated benefits. The committee looked at existing cost studies and recommendations of other states and agreed that mandated benefits increase the cost of health insurance, but concluded that determining the actual cost is difficult due to the lack of data. In 1993, the Texas Legislature approved legislation that established evaluation procedures for both existing and newly proposed mandated benefits. The panel was directed to evaluate mandated benefits on the basis of cost, cost effectiveness, efficacy, and necessity.

The Texas Department of Insurance (TDI) annually collects information to measure the costs associated with mandated health benefits. The TDI has adopted rules establishing web-based reporting requirements for certain mandated benefits under group and individual health benefit plans offered by insurance companies and MHOs. The report for calendar year 2003 was issued in January 2005. The report separated costs for mandated benefits into Group Benefit plans (20 mandated benefits and 2 mandated offerings for which data was available) and Individual Benefit plans (13 mandated benefits for which data was available). Below is the calculated average cost of mandated benefits in Texas in calendar year 2003:

	Group Plans	Individual Plans
Mandated Benefit Costs as a % of total claims	4.5%	3.62%
Mandated Benefit Costs as a % of total premiums	3.62%	2.39%
Administrative Costs as a % of total claims	0.68%	1.19%
Mandated Offering Benefit Cost as a % of premiums	0.11%	n/a

While the costs reported represent a relatively small percentage of the total claims paid and total premium costs, additional costs would likely be attributed to the mandated benefits that are not included in the report. It should be noted that TDI did not collect data on every mandate, but only on 20 specific mandated benefits. Also, the report does not provide a cost-benefit analysis of the mandated benefits, which is necessary to identify any cost savings that occur as a result of improved health status or a reduction in future health costs due to the medical care associated with a mandated benefit. These cost savings would, to some extent, offset the total cost of the mandates.

Maine

In Maine, before any legislative proposal to mandate health insurance coverage for specific health services can be enacted, it must undergo a review and evaluation by the Maine Department of Professional and Financial Regulation – Bureau of Insurance. The review and evaluation by the Bureau of Insurance must address four areas: (1) the social impacts of mandating the benefit; (2) the financial impacts of mandating the benefit; (3) the medical efficacy of mandating the benefit; and (4) the effects of balancing the social, economic, and medical efficacy considerations.

The Maine Bureau of Insurance compiles an annual report titled the Cumulative Impact of Mandates in Maine. The report lists the 24 mandated insurance benefits in Maine as well as the estimated claim costs for each. The February 16, 2005 report estimates the cost of mandates as follows:

	Estimated Maximum Cost as a Percentage of Premium	
	Indemnity	HMO
Total cost for groups larger than 20:	9.57%	8.92%
Total cost for groups of 20 or fewer:	3.92%	4.53%
Total cost for individual contracts:	2.71%	2.82%

The Maine Bureau of Insurance believes that some of the mandated benefits would have been offered even without the mandate in place; therefore, the actual cost of the mandates would in effect be lower than reported.

The Maine Bureau of Insurance does not track separately the expenses incurred in compiling information for the report, the cost is absorbed into the bureau's operating costs.

Maryland

The State of Maryland conducts an annual evaluation of the costs for each of its mandates. In addition to estimating the total costs associated with the mandates, Maryland estimates a marginal cost, defined as the difference between the total cost of the benefit and the cost of the service that would be covered in the absence of the mandate. In 2001, the marginal cost of mandates in Maryland's small group market represented 3.4 percent of premiums, whereas the total cost accounted for 14.1 percent.

Virginia

The State of Virginia requires all insurers, health service plans, and health maintenance organizations to report cost and utilization information for each of the state's mandated benefits and providers. Based on actual claims experience, insurers calculate the share of the overall average premium attributable to each mandate. Without taking into account whether benefits would be covered without a mandate, in 2000 the total costs associated with Virginia's mandates represented approximately 26.9 and 29.3 percent of the overall premiums for individual and family group policies, respectively. The study did not distinguish total costs between the small and large group markets.

Chapter 4 - Conclusion

While in theory it may sound simple to determine the costs of mandates, the reality is that much of the data needed for an accurate assessment is either unavailable or can only be developed at considerable cost to insurers. Not many states have prepared a detailed analysis of the impact of insurance mandates on their health care premiums. Several states require information regarding the cost of proposed insurance mandates to be presented to the State Legislature during the legislative process.

APPENDIX

LIFE, HEALTH, & MANAGED CARE

Mandates and Mandated Offers for Major Medical & HMO Policy Forms

Mandates and Offers for ALL HEALTH CARRIERS			
An Offer is a mandate to offer coverage. *The following mandates apply to both group and individual contracts unless stated.*			
REVIEW REQUIREMENTS	**Citation**	**Summary**	**Mandate, Offer or Required Provision**
Diabetes	376.385 RSMo	Coverage for all physician-prescribed equipment, supplies and self-management training	OFFER
Newborn coverage	376.406 RSMo	Moment of birth to 31 days	MANDATE
Clinical Trials	376.429 RSMo	Shall provide coverage for routine patient care costs incurred from phase III or IV clinical trial	MANDATE
Newborn Hearing Screening	376.1220 RSMo	Coverage for Newborn hearing screening, necessary re-screening, follow-up	MANDATE
Speech & Hearing	376.781 RSMo	Coverage for the necessary care and treatment of loss or impairment of speech or hearing	OFFER
Mammography	376.782 RSMo	Minimum requirements	MANDATE
Child Health Supervision	376.801 RSMo	*Applies to Group only*	OFFER
Coverage for adopted children	376.816 RSMo	Provision identifying the effective dates of coverage for adoptive children	MANDATE
Child Coverage: Discrimination Prohibited	376.820 RSMo	Prohibited discrimination of child enrollment	MANDATE
Direct access OB/GYN	376.1199 RSMo	Direct access OB/GYN, Osteoporosis, Contraceptives	MANDATE
Chemotherapy	376.1200 RSMo	Chemotherapy/Bone Marrow Transplants	OFFER
Reconstructive surgery following mastectomy	376.1209 RSMo	Coverage for reconstructive surgery & prosthetic devices following mastectomy	MANDATE
Minimum maternity benefits	376.1210 RSMo	48/96 hour inpatient, post-discharge, etc.	MANDATE
Childhood immunizations	376.1215 RSMo	Childhood immunizations with no deductible, coinsurance or co-payment	MANDATE
FirstSteps Services or lump sum payment to DESE	376.1218 RSMo	Carriers must pay up to $3000 per child per year from ages 0-3 for early intervention services, or make a lump sum payment directly to DESE	MANDATE
PKU testing and formula	376.1219 RSMo	Coverage for the treatment of phenylketonuria	MANDATE
Coverage for hospital dental procedure	376.1225 RSMo	Coverage for general anesthesia, hospital charges for dental care	MANDATE
Coverage for Chiropractic Care	376.1230 RSMo	Shall provide chiropractic care, as defined in chapter 331, RSMo, as part of basic health care services for covered conditions. Does not apply to "individually underwritten" coverage. (Some groups may be individually underwritten such as Association or Discretionary groups)	MANDATE See note for applicability
Cancer Screenings	376.1250 RSMo	Pelvic exam, prostate exam, colorectal exam, etc.	MANDATE
Cancer Diagnosis- 2nd Opinion	376.1253 RSMo	Patient has the right to a referral for a second opinion	MANDATE
Antigen Testing	376.1275 RSMo	Antigen testing – Bone marrow transplantation	MANDATE
Testing for lead poisoning	376.1290 RSMo	Coverage for testing pregnant women for lead poisoning and for all testing for lead poisoning authorized by sections 701.340 to 701.349, RSMo, or by rule of the department of health and senior services promulgated pursuant to sections 701.340 to 701.349, RSMo	OFFER

Provisions Applicable to HMOs ONLY			
REVIEW REQUIREMENTS	Citation	Summary	Mandate, Offer or Required Provision
Copayment rule	20 CSR 400-7.100	Copayments not more than 50% total cost of any single service, 20% aggregate cost of all basic health care, not to exceed 200% of total annual premium. Stated as dollar amount. Single service copays expressed as % or dollar amount in certificate	MANDATE
Pharmacy rights	354.535 RSMo	Any limit on quantity must be applied uniformly to all participating pharmacies. HMOs may not change a maintenance prescription without member and provider consent	MANDATE
Second Opinions	354.546 RSMo	Second Opinions - Any condition, free. HMO gets to pick the doctor	MANDATE
Network	354.603 RSMo	The network must be adequate. If the network cannot provide a covered benefit, enrollee entitled to go out of the network at no greater cost	MANDATE
Entire network must be available	354.603 RSMo	Neither the HMO nor the participating providers shall act in a manner that unreasonably restricts an enrollee's access to the entire network. Exceptions	MANDATE
Hold Harmless	354.606 RSMo	The enrollee may not be billed by the provider for anything other than copayments	MANDATE
Continue care	354.612 RSMo	Up to 90 day continuation of care at no greater cost when provider leaves the network	MANDATE
Access to non-par providers	354.615 RSMo	Referral to non-participating specialist or facility, if none in network. Standing referral to specialist or facility if needed. Coordination of care	MANDATE
Open-access plan available	354.618 RSMo	Required in certain situations only. Exceptions	OFFER

Mental Health/Chemical Dependency			
REVIEW REQUIREMENTS	Citation	Summary	Mandate, Offer or Required Provision
Alcoholism	376.779 RSMo	30 days inpatient treatment for alcoholism - applicable if the benefits outlined under 376.811 are not automatically included or are rejected and the benefits outlined under 376.827 are not provided	MANDATE
Definitions	376.810 RSMo	Definitions: chemical dependency & mental illness	MANDATE
Chemical dependency and mental illness benefits	376.811 RSMo	Minimum standards for coverage offered for chemical dependency and mental illness	OFFER
Mental Health & Chemical Dependency	376.825-840 RSMo	Mental Health & Chemical Dependency Minimums (If Coverage Included)	MANDATE
Mental Health Parity	376.1550 RSMo	No longer allows a time limit for in-patient requirement as found in 376.811.2(3). Applies to group policies with mental health coverage. Does not apply to "individually underwritten" coverage. (Some groups may be individually underwritten such as Association or Discretionary groups)	MANDATE See note for applicability

Grievance Procedures & Utilization Review -- ALL HEALTH CARRIERS			
REVIEW REQUIREMENTS	**Citation**	**Summary**	**Mandate, Offer or Required Provision**
Definitions UR	376.1350 RSMo	Definitions Utilization Review	Listed for general reference purposes
Right to appeal	376.1361.10 RSMo	Right to appeal for coverage of drugs & durable medical equip.	MANDATE
UR Determinations	376.1363 RSMo	Notification requirements for UR determinations	MANDATE
Determination for emergency services	376.1367 RSMo	UR or benefit determination for emergencies	MANDATE
Utilization Review procedures	376.1372 RSMo	UR procedures in EOC	MANDATE
Grievance procedures in EOC	376.1378 RSMo	Includes statement that enrollee can contact MDI at anytime	MANDATE
Grievance procedures	376.1382 RSMo	Guidelines for 1st level grievance procedure identified	MANDATE
Grievance: second level review	376.1385 RSMo	Guidelines for 2nd level grievance	MANDATE
Expedited review	376.1389 RSMo	Procedure for an expedited review	MANDATE

Other Required Provisions -- ALL HEALTH CARRIERS			
REVIEW REQUIREMENTS	**Citation**	**Summary**	**Mandate, Offer or Required Provision**
Conversion - group	376.397 RSMo	Conversion upon termination of eligibility - group	Required Provision
Continuation of coverage	376.428 RSMo	Continuation for terminated member - group	Required Provision
Extension of Benefits - group	376.438 RSMo	Provision for extension of benefits in the event of total disability at the date of any termination	Required Provision
Public Hospitals	376.778 RSMo	Payment to public hospitals	Required Provision
Spousal continuation - group	376.891-894 RSMo	Following COBRA	Required Provision
Free Look	20 CSR 400-2.010	10 day free look period for all individualand discretionary group policy forms	Required Provision

PERSONAL LINES MANDATES

PERSONAL AUTO

Personal Auto - Forms		
Review Requirements	**Reference**	**Comments**
Applications-Prior insurance inquiry	20 CSR 500-2.300 & 375.936 RSMo & Bulletin 94-04	Prohibits insurers asking applicants if they have ever been cancelled or nonrenewed by prior insurer
Cancel/nonrenew/refusal to write—Mailing requirement	379.118 RSMo	Notice of cancellation/nonrenewals must be mailed by certificate of mailing; notices or refusal to write must be mailed by certified mail or certificate of mailing
Cancel/nonrenew/refusal to write—Notice of	379.118 RSMo & 379.120 RSMo	Company must give 30 day notice that is clear and specific
Cancel/nonrenew—Grounds for	379.114 RSMo	Insurer may only cancel for nonpayment of premium or if drivers license is suspended or revoked
Geographical coverage	20 CSR 500-2.100(E)	All policies must cover not less than the United States of America, its territories and possessions and Canada
Insurance Identification cards	303.024 RSMo	Insurers are required to furnish ID cards to their insureds; statute explains what information must be contained on the ID cards.
Joint Underwriting Association Notice	20 CSR 500-2.300(6) & 379.118 RSMo	When an insurer cancels/non-renews/refuses to write an auto policy they must give notice to the consumer of possible coverage through the Missouri Joint Underwriting Association
Mandatory Endorsement (name, address, phone)	375.924(1) RSMo	Requires policies to contain the address and telephone number of the insurer
Minimum liability limit requirements	303.190.2(2) RSMo	BI $25,000/person, $50,000/accidentPD $10,000/acident
Minimum policy term	303.175 RSMo	Personal auto liability policies are to be written for a minimum period of 3 months and the insurer must collect at least 1 month's premium up front
Missouri Property & Casualty Guaranty Association	375.779 RSMo	Requires policy to contain the guaranty fund endorsement
Motorcycle passenger liability	Case law--American Standard Insurance Company v. Dolphin, 801 S.W.2d 413 (Mo. Banc 1990)	Guest passenger liability mandatory
Newly Acquired vehicles	20 CSR 500-2.100 & Case law—Magruder v. Shelter Insurance Company, 985 S.W.2d 869	Must give insured 30 days to report new vehicle and provide coverage unless insurer does not insure all owned vehicles
Policy defined	20 CSR 500-2.300(3)(A)	A policy shall be considered a 6-month period even if issued for less than 6 months. Any insurer who terminates the policy before this anniversary date is canceling the policy and must follow 379.110-120 RSMo.
Refusal to Issue-Armed Services Personnel	379.122 RSMo	Insurers cannot refuse to write or surcharge solely because an armed services applicant has no prior insurance
Renewal Certificates	20 CSR 500-2.100(3)	Must contain the original policy number, name of the insured, the and coverage afforded
Renewal notices	379.118.2 RSMo	Must be sent at least 15 days prior to policy expiration
SR-26 Filings-Cancellations	303.210 RSMo & 20 CSR 500-2.300(4)(5)	Requires company to notify DOR ten days prior to cancellation for certified policies
Theft rental coverage	20 CSR 500-2.100	Minimum coverage requirement-- $10 day/$300 aggregate.

Personal Auto - Uninsured/Under-Insured Motorist		
Review Requirements	**Reference**	**Comments**
Arbitration provisions	20 CSR 500-1.600	No forced arbitration is allowed in Uninsured Motorist coverage
Government vehicles	Case law—Martin v. State Farm Mutual Insurance Company, 755 S.W.2d 638 (Mo. Banc 1988)	May not exclude under the Uninsured Motorist coverage
Medical Payments/Workers' Compensation Payments	20 CSR 500-1.200(2)(G)1	Uninsured Motorist coverage shall not permit the off-set of med. pay or wc payments
Stacking Uninsured Motorist limits	Case law – Cameron Mutual Insurance Company v. Madden, 533 S.W.2d 538 (Mo. Banc 1976)	Mandatory on every vehicle insured in Missouri
Underinsured Motorist Limits reduction	379.204 RSMo	Underinsured motorist coverage at limits less than 50/100 shall be paid as excess of the liability of any uninsured motor vehicle
Uninsured Motorist coverage	379.203 RSMo	Mandatory with minimum Uninsured Motorist 25/50 limits
Uninsured Motorist coverage exception	379.203 RSMo	Uninsured Motorist coverage must be provided on all motor vehicles except those employers who have a fleet of 5 or more, 8 + passenger commercial Vehicles –Uninsured Motorist coverage must only be offered for this exception

Personal Auto - Rate		
Review Requirements	**Reference**	**Comments**
Comp/Uninsured Motorist/Fire/Theft	20 CSR 500-2.700	Insurers may not surcharge the rates for these coverages due to accidents or violations
Rate increases prohibited	20 CSR 500-2.600(3)	Insurers cannot increase premiums for not at fault accidents

Personal Auto - Loss Settlement Provisions		
Review Requirements	**Reference**	**Comments**
Acknowledging claims/settlement provisions	375.1000 RSMo. & 20 CSR 100-1.020-1.050	Misrepresentation of policy provisions, failure to acknowledge pertinent communications, standards for prompt investigation of claims, standards for prompt, fair and equitable settlement of claims
Arbitration	20 CSR 500-1.600(1)	Precludes insurers from issuing policies that contain compulsory arbitration provisions
Arbitration	435.350 RSMo	Arbitration statutes do not apply to insurance contracts
Intentional acts	375.1312 RSMo	Domestic violence, innocent coinsured statute
Pre-judgement interest	408.040 RSMo	Defines requirements on pre-judgement interest

HOMEOWNERS, DWELLING FIRE and RESIDENTIAL FARM

Homeowners, Dwelling Fire and Residential Farm - Forms		
Review Requirements	**Reference**	**Comments**
Application	375.936 RSMo 375.007 RSMo Bulletin 94-04	Prohibits insurers asking applicants if they have ever been cancelled or nonrenewed by prior insurer
Basic Property Insurance Inspection and Placement Disclosure	375.003 RSMo	Cancellation notice to state that the insured may be eligible for insurance through this program
Cancellation—Notice of	375.003 RSMo, 20 CSR 500-1.100(2)	10 days for nonpayment of premium, otherwise 30 day notice is required
Coinsurance	379.155 RSMo	Coinsurance provisions void
Discrimination-geographic location-prohibited	375.936(11)(c) RSMo 375.007 RSMo 20 CSR 500-3.200	Prohibits insurers from applying an underwriting rules based only on the geographic location of the risk
Mandatory endorsement (address, phone)	375.924.1 RSMo	Requires policies to contain the address and telephone number of the insurer
Minimum form requirements	379.160 RSMo 20 CSR 500-1.100	Requires that the policy forms must meet, at a minimum, the 1943 NY Standard Fire Insurance Policy
Missouri Property & Casualty Guaranty Association	375.779 RSMo	Requires policies to contain the guaranty fund endorsement.
Nonrenewal	375.004 RSMo	30 day advance notice, actual reason shall be specific and clear
Other Insurance	379.145 RSMo	Insurers shall not be permitted to deny that the property insured was worth the aggregate amounts for which it was insured at the time the policy was issued or renewed
Unfair Discrimination	375.936(11)(c)(d)(e)(f) RSMo	Cannot refuse to issue, refuse to renew, cancel or limit the amount of insurance due to geographic location, age of residential property, gender or marital status of the individual, or because another insurer has refused to issue a policy or has cancelled an existing policy
Valued Policy Law	379.140 RSMo	Fire claims: company cannot deny that the property was worth less than the full amount insured. Total loss: measure of damage shall be the amount that was insured, less depreciation from the time the policy was issued to the time of the loss

Homeowners, Dwelling Fire and Residential Farm - Loss Settlement Provisions		
Review Requirements	**Reference**	**Comments**
Appraisal	Case Law, Abercombie v. Allstate, 891 S.W.2d 838	Insurer cannot depreciate appraisal award
Arbitration	20 CSR 500-1.600	Mandatory binding arbitration prohibited in contracts of insurance
Fire Losses	379.180 RSMo	Fire loss adjustments and examination of books are to be made at place of loss
Partial Loss	379.150 RSMo	Fire losses: Insured's option to have partial destruction or damage paid outright or repaired up to the policy limits to put property back to original condition
Prepaid Premium	375.421 RSMo	Requires premium paid with the application be returned within 60 days of the application date if the policy is not issued or if the money collected is in excess of the premium
Statute of limitation	516.110 RSMo	10 year statute of limitation on contracts

PROPERTY & CASUALTY
Commercial Lines Mandates

COMMERCIAL AUTO

COMMERCIAL AUTO -- Forms		
Review Requirements	**Reference**	**Comments**
Application	375.936 RSMo & Bulletin 94-04	Prohibits insurers from asking applicants if they have ever been cancelled or nonrenewed by prior insurer
Cancellation/Nonrenewal -- Policyholder right to claims history	379.884 RSMo	Within 30 days of a written request, the insured shall receive a statement of claims history for the 3 years prior to the date of cancellation or total claims history if policy has been in effect less than 3 years
Cancellation -- Notice of	379.883 RSMo	60 days prior to the effective date except for nonpayment of premium, fraud, changes in conditions after the effective date, insolvency of the insurer or if the insurer involuntarily loses reinsurance for the policy
Cancellation/Nonrenewal -- Reasons for	379.883.3 RSMo	Insurer's actual reason to be sufficiently clear and specific. An assignment or transfer among affiliated insurers within a group is not considered a cancellation/nonrenewal
Driver Exclusions	303.190.2(3) RSMo	Policies issued to corporations and partnerships cannot exclude drivers; commercial policies that list a "natural person" as a named insured may exclude a household member
Insurance Identification cards	303.024 RSMo	Insurers are required to furnish ID cards to their insureds; statute explains what information must be contained on the ID cards
Joint Underwriting Association Notice	20 CSR 500-2.300(6) & 379.120 RSMo	In certain circumstances, when an insurer cancels/non-renews an auto policy they must give notice to the consumer of possible coverage through the Missouri Joint Underwriting Association
Mandatory Endorsement (address, phone)	375.924(1) RSMo	Required policies to contain the address and telephone number of the insurer
Minimum liability limit requirements	303.190.2(2) RSMo	BI $25,000/person, $50,000/accident PD $10,000/accident
Missouri Property & Casualty Guaranty Association	375.779 RSMo	Requires policy to contain the guaranty fund endorsement
Nonrenewal—Notice of	379.883 RSMo	60 days prior to the effective date of nonrenewal
SR-26 filings—Cancellations	20 CSR 500-2.300(4)(5) & 303.210 RSMo	Requires company to notify DOR 10 days prior to cancellation of certified policy

COMMERCIAL AUTO -- Uninsured/Under-insured Motorists		
Review Requirements	**Reference**	**Comments**
Arbitration	20 CSR 500-1.600	Mandatory binding arbitration prohibited in contracts of insurance
Medical Payments/Workers' Compensation Payments	20 CSR 500-2.100(2)(G)1	Uninsured Motorist coverage shall not permit the off-set of med. Pay or wc payments
Stacking Uninsured Motorist limits	Case Law	Mandatory on every vehicle insured in Missouri
Underinsured Motorist Limits reduction	379.204 RSMo	Underinsured motorist coverage at limits less than 50/100 shall be paid over and above the other drivers liability limits, no limits to limits reductions
Uninsured Motorist coverage exception	379.203 RSMo	Uninsured Motorist coverage must be provided on all motor vehicles except those employers who have a fleet of 5 or more, 8 + passenger commercial Vehicles—Uninsured Motorist coverage must only be offered for this exception

COMMERCIAL AUTO -- Rates		
Review Requirements	**Reference**	**Comments**
Premium Notification	379.321.6(2) RSMo	Requires insurers to send a notice to the agent of record and insured 60 days prior to the expiration date of the policy when the premium is increased by 25% or more

COMMERCIAL AUTO -- Loss Settlement Provisions		
Review Requirements	**Reference**	**Comments**
Arbitration	20 CSR 500-1.600(1)	Precludes insurers from issuing policies that contain compulsory arbitration provisions

COMMERCIAL CRIME -- Forms		
Review Requirements	**Reference**	**Comments**
Application	375.936 RSMo	Prohibits insurers from asking applicants if they have ever been cancelled or nonrenewed by prior insurer
Cancellation/Nonrenewal – Policyholder right to claims history	379.884 RSMo	Within 30 days of a written request, the insured shall receive a statement of claims history for the 3 years prior to the date of cancellation or total claims history if policy has been in effect less than 3 years
Cancellation – Notice of	379.883 RSMo	60 days prior to the effective date except for nonpayment of premium, fraud, changes in conditions after the effective date, insolvency of the insurer or if insurer involuntarily loses reinsurance for the policy
Cancellation/Nonrenewal – Reasons for	379.883.3 RSMo	Insurer's actual reason to be sufficiently clean and specific. An assignment or transfer among affiliated insurers within a group is not considered a cancellation/nonrenewal
Mandatory endorsement (address, phone)	Bulletin 92-04 & 375.924.1 RSMo	Requires policies to contain the address and telephone number of the insurer
Missouri Property & Casualty Guaranty Association	375.779 RSMo	Requires policies to contain the guaranty fund endorsement
Nonrenewal-Notice of	379.883 RSMo	60 days prior to the effective date of nonrenewal

COMMERCIAL CRIME -- Loss Settlement Provisions		
Review Requirements	**Reference**	**Comments**
Arbitration	20 CSR 500-1.600	Mandatory binding arbitration prohibited in contracts of insurance
Appraisal	20 CSR 500-1.100	When the insured and company fail to agree on the ACV or the amount of a loss then, on written demand of either, each shall select a competent appraiser

COMMERCIAL CRIME -- Rate		
Review Requirements	**Reference**	**Comments**
Premium notification	379.321.6(2) RSMo	Requires insurers to send a notice to the agent of record and insured 60 days prior to the expiration date of the policy when the premium is increased by 25% or more

COMMERCIAL GENERAL LIABILITY

COMMERCIAL GENERAL LIABILITY -- Form		
Review Requirements	**Reference**	**Comments**
Acknowledging claims	20 CSR 100-1.020 & 20 CSR 100-1.050	Sets forth time frames for contacting claimants and also cannot deny coverage if a claim is not reported within a specific time period
10 years statute of limitations	516.110 RSMo	Allows individuals 10 years to file suit
90 days notice -- company dropping entire line insurance	379.886 RSMo	Requires companies to give 90 days notice to MDI of canceling or nonrenewing a line of business
Appraisal	20 CSR 500-1.100	When the insured and company fail to agree on the ACV or the amount of a loss then, on written demand of either, each shall select a competent appraiser (Fire Policies)
Arbitration held in county of insureds residence	435.435 RSMo	Arbitration shall be held in the county where the adverse party resides or has a place of business
Cancellation/nonrenewal	379.883 RSMo	Requires companies to give 60 days notice and to state the actual reason
Claims handling	375.1000-375.1007 RSMo	Sets forth standards for the investigation and disposition of claims
Claims Made	20 CSR 500-1.800	Requires a retroactive date for claims made policies
Mandatory Endorsements (address, phone)	Bulletin 92-04 375.924 RSMo	Company must provide their address and telephone number for easy access by the insured
Missouri Property & Casualty Guaranty Association	375.779 RSMo Bulletin 92-08	Requires an endorsement to be attached to policies showing the limitations of coverage provided by the guaranty association
Prior cancel/nonrenewal	375.936 RSMo	Company cannot ask if the insured has been cancelled or nonrenewed
Punitive damages	Case Law	Punitive damages are not allowed in MO

OTHER COMMERCIAL (Multi-Peril, Package, Umbrella)

OTHER COMMERCIAL -- Filing Requirements		
Review Requirements	**Reference**	**Comments**
Withdraw from an entire line of insurance	379.886 RSMo	Requires insurers to notify Director 90 days in advance of canceling or nonrenewing a line of business

OTHER COMMERCIAL -- Forms		
Review Requirements	**Reference**	**Comments**
Application	375.936 RSMo	Prohibits insurers from asking applicants if they have ever been cancelled or nonrenewed by prior insurer
Cancellation/Nonrenewal – Mailing requirement	379.885 RSMo	Proof of mailing to the named insured at his last known address
Cancellation/Nonrenewal – Policyholder right to claims history	379.884 RSMo	Within 30 days of a written request, the insured shall receive a statement of claims history for the 3 years prior to the date of cancellation or total claims history if policy has been in effect less than 3 years
Cancellation – Notice of	379.883 RSMo	60 days prior to the effective date except for nonpayment of premium, fraud, changes in conditions after the effective date, insolvency of the insurer or if insurer involuntarily loses reinsurance for the policy
Cancellation/Nonrenewal – Reasons for	379.883.3 RSMo	Insurer's actual reason to be sufficiently clean and specific. An assignment or transfer among affiliated insurers within a group is not considered a cancellation/nonrenewal
Claims Made	20 CSR 500-1.800	Requires a retroactive date for claims made policies
Mandatory Coverage	379.017 RSMo	Requires that fire and allied lines be included in a package policy
Mandatory endorsement (address, phone)	375.924.1 RSMo	Requires policies to contain the address and telephone number of the insurer
Missouri Property & Casualty Guaranty Association	375.779 RSMo	Requires policies to contain the guaranty fund endorsement
Nonrenewal-Notice of	379.883 RSMo	60 days prior to the effective date of nonrenewal

OTHER COMMERCIAL -- Loss Settlement Provisions		
Review Requirements	**Reference**	**Comments**
Arbitration	435.435 RSMo & Case Law	Arbitration hearing to be held in county where adverse party resides or has a place of business
Appraisal	20 CSR 500-1.100	When the insured and company fail to agree on the ACV or the amount of a loss then, on written demand of either, each shall select a competent appraiser

OTHER COMMERCIAL -- Rate		
Review Requirements	**Reference**	**Comments**
Premium notification	379.321.6(2) RSMo	Requires insurers to send a notice to the agent of record and insured 60 days prior to the expiration date of the policy when the premium is increased by 25% or more

Property & Casualty
WORKERS' COMPENSATION Mandates

Workers Compensation -- Form		
Review Requirements	**Reference**	**Comments**
Application	375.936 RSMo & 20 CSR 500-6.100(6)	Prohibits insurers asking applicants if they have ever been cancelled or nonrenewed by prior insurer
Cancellation/Nonrenewal — Notice o	379.883 RSMo	60 days prior to the effective date except for nonpayment of premium, fraud, changes in conditions after the effective date, insolvency of the insurer or if the insurer involuntarily loses reinsurance for the policy
Cancellation/Nonrenewal -- Policyholder right to claims history	379.884 RSMo	Within 30 days of a written request, the insured shall receive a statement of claims history for the 3 years prior to the date of cancellation or total claims history if policy has been in effect less than 3 years
Cancellation/Nonrenewal -- Reasons for	379.883.3 RSMo	Insurer's actual reason to be sufficiently clear and specific. An assignment or transfer among affiliated insurers within a group is not considered a cancellation/nonrenewal
Mandatory endorsement (name, address, phone)	375.924 RSMo	The issuing company's name, complete address and phone number is required to be on the policy.

Misc. Related Issues		
Review Requirements	**Reference**	**Comments**
Safety programs	287.123 RSMo	Insurers are required to file their safety engineering and management programs with the Department of Labor and Industrial Relations for certification; these programs are to be made available to each employer upon request